AN APPRAISAL OF PUBLIC ENTERPRISE IN THE SOCIO-ECONOMIC DEVELOPMENT OF NIBERIA

{a case Study of the Nigerian Sugar Company Ltd Bacita in kwara state} 1980-1989

BY

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CERTIFICATION

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DECLARATION

I, ABUBAKAR, Usman, hereby declare that this thesis is the result of my independent work and that it has not been previously submitted.

I also declare that works of other authors are fully acknowledged where appropriate.

_____ _____

Signature Date

DEDICATION

This work is dedicated to the entire SABI DEREKUREKU OTHMAN FAMILY.

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ABSTRACT

This thesis is an appraisal of the Nigerian Sugar Company limited (NISUC0) Bacita, as an enterprise to the socio-economic development of Nigeria.

The analysis was based on some aims and objectives for which the company was established, i.e. ensuring adequate supply of sugar, provision of employment and the encouragement of the sugar cane farmers cooperatives (outgrowers-scheme).

NISUCO within the framework as an instrument for plain implementation, Regional development agent for social-equity and the development of backward regions has made significant contributions to the socio economic development of the country as revealed by the study. This is most especially in the of sugar-production, provision of employment and Human Resource Development, Incomes and the improvement in the standard of living of the people.

The data used for this study was obtained through questionnaire and interview techniques and by the use of official documents such as Annual reports, Technical Brochure and the Fact sheet on the company.

However, it was discovered that a number of factors have been responsible for inefficiency and ineffectiveness

of the organization. This include government interference in decision making „ overstaffing , lack of fund and autonomy . other areas identified were aged factory a*nd* irrigation equipments, spare parts etc.

Recommendations were also offered so that the company can be able to boosts its production capacity to enable it meet the country's domestic suger requirement as well as to export to the neighbouring countries.

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ABBREVIATIONS

AGM	–	Assistant General Manager
ASC	–	Aladja Steel Complex
DIC	–	Defence Industrial Corporation
FIRRO	–	Federal Institute of Industrial Research, Oshodi
HRD	–	Human Resource Development
LDC's	–	Less Developed Countries
NISUCO	–	Nigerian Sugar Company
NIYAMCO	–	Nigerian Yeast and Alcohol Manufacturing Company
PE's	–	Public Enterprises
PRODA	–	Project Development Agency

CHAPTER ONE

1.1 Background to the Study

Public enterprise constitutes a potential instrument of government participation to spur economic growth and development in an economy. A survey of international scene, shows that government of various developing countries have used public enterprises for accelerating economic development. As observed by Hope, almost every developing country has found it desirable and even necessary to establish public enterprise in order to meet responsibly, the requirements of its development programme.1

Public enterprises or parastatals as they are sometimes referred to include all such government organisations as companies, corporations, boards, commissions, councils, authorities and agencies. These enterprises have taken on different shapes, different legal and organizational structures, different managerial patterns and different sets of relationships with government.2 These differences and sets of relationships with government which public enterprises further exhibit can be classified into "infrastructural, strategic, departmental and business or commercials."3

Infrastructural enterprises are those needed by the society and whose product or service cut across the requirements of both individual and corporate bodies and in which private production may attract exploitative prices.

The enterprises in this category may employ adapted private management style for efficiency. Example of such enterprise is the Nigerian Ports Plc amongst others.

Strategic public enterprises are those that aid industrial growth and development of the economy and in which industrial organisations and private or public establishments may benefit from their inputs. Such an enterprises is the Iron and Steel industry in Ajaokuta.

The ministerial department in public enterprises are those managed for social development purposes namely tourism, etc.

Finally, the business or commercial category of public enterprises are those organisations registered in the same manner as private companies. These group of public enterprises produce goods and services and market them in the same way as private enterprises do. They are made up of Hotels, Breweries, Flour mills, Distilleries, Sugar companies among a host of others.

Nigeria's experience with public enterprises can be traced to her colonial link with Britain. At that period, the welfare-state approach to development wasaimed at the provision of social services and goods to people. The welfarist approach was adopted in preference to the American free-market enterprise approach.

In trying to create an egalitarian society in the country, major economic sector have been declared public. This is to prevent the economically powerful few from owning

This is to prevent the economically powerful few from owning and controlling them at the expense of the masses. Again, because of the poor level of private capital in Nigeria, government participation became appropriate in providing development infrastructural facilities. Such facilities are electricity supply, to aid industrial growth and development of the economy.

Apart from the form which these enterprises have taken over the last two decades, one is struck by the rapid rate of their proliferation and the huge amount of scarce financial resources pumped into them. Current estimates in sub-Saharan Africa put the number of existing public enterprises at three thousand.4 In African countries, (excluding South Africa) Fadahunsi estimated that there are above five thousand public enterprises and has described his estimate as conservative.5

1.2 Statement of the Problem:

In Nigerias' development policy, public sector organisation have been playing important role for several decades. They have emerged as a consequence of the country's socio-historical process. The main aim of establishing public enterprises in developing countries is to obtain a high degree of concentration of available resources for putting the national economy on sound foundation.

Public enterprises are also expected to function as important instrument for the achievement of the country's self reliance objective. Consequently, public enterprises have assumed very important position in some aspects of national life.

Several public enterprises have been established by government and the expectation is that such enterprises will in times of need sustain the economy or bear the country out of economic doldrums.

The Nigerian Sugar Company Limited (NISUCO) is one of such bodies and we want to see the contribution of NISUCO to the socio-economic development of Kwara State. The company was established to help solve the problems of inadequate sugar requirements of the country. Consequent upon its formation in 1961, no study was carried out to assess its performance. No one can, therefore, tell whether it is meeting reeponsibility with its nationally assigned production target or not. It is as a result of this that a study of NISUCO becomes compelling.

The core of the research will be concerned with examining the extent to which NISUCO has met the sugar requirement of the country. We will still want to know the factors that affects its performance. The performance of the company will not be measured interms of sugar alone but in other areas such as the extent to which the company has

helped to improve the economic and social wellbeing of the community.

1.3 **Aim of the Study:**

Public enterprises engage in a wide range of economic activities. These activities cover the fields of agriculture, industries, banking and finance, commerce and a variety of services. Hence, the aim of this study is to examine the extent to which NISUCO as an enterprise is contributing to the socio-economic development of Kwara State. If it is, then how well and what chances exist for improvement?

1.4 **Significance of the Study:**

This study is prompted by a keen interest in the process of agro-allied industries in relation to the Nigerian Sugar Company. The issue of agro-allied industry is very vital in Nigeria today. The study will dwell primarily on the way by which public enterprises can be used as a vehicle for socio-economic development.

The study is significant because it seeks to appraise the Nigerian Sugar Company by examining its progress, problems and prospects as well as to advance some useful suggestions and recommendations.

We have observed that there has not been any previous study on the achievements and limitations of the NISUCO so far. This pioneer study, it is hoped will add more to

existing knowledge in the area of development administration.

The study becomes compelling because there is no doubt that there is inadequate supply of sugar in Nigeria. It was for instance observed in the Third National Development Plan that "at present, only 20 per cent of our sugar consumption is supplied from domestic production."6

A study of this magnitude is expected to enrich past literature, it is hoped to be of use academically and practically to students, teachers, government and anybody who has keen interest in the inter-relationship of public enterprises and socio-economic development. It is expected also to assist the organisation in policy formulation and may help to solve some of its problems and enhance its progress and efficiency.

1.5 Scope of Study:

The research will concentrate on the Nigerian Sugar Company. The choice is based on convenience of time as well as ease of data collection. The research covers the period of 1980 to 1989. This choice is made because it is within the first half of this period that the company performed very poorly. The researcher therefore, intends to find out the causes of this poor performance. The other half witnessed a favourable period of productivity. the

intention also is to find out the factors responsible for this favourable performance.

Bacita, where the company is situatedis in Edu Local Government Area of Kwara State. The appraisal of the company will be centred on this area.

1.6 **Limitation of the Study:**

This research is an appraisal of public enterprises in the socio-economic development of Nigeria. The research is further restricted to Edu Local Government Area of Kwara State. This is to allow for enough control over the respondents. If a wider geographical area were to be used, the problem of administering and collection of the questionnaires may be more acute, hence the supervision of the administration may not be effective.

Inspite of the use of this method, it is believed that some problems could still stand on the way of a successful research. One of them is that, the activities of NISUCO is so crucial to the national economy that some data could be kept secret, so much that data collected might not contain the required details. However, rigorous analysis of the primary data collected will be done to complement the shortcomings of the secondary data.

1.7 **Hypotheses:**

Since this research is an appraisal of the Nigerian Sugar Company in the socio-economic development of Nigeria, the hypotheses tested would therefore, reflect on the aims and objectives of the organization which is (a) ensuring that the supply of sugar is adequate in quantity and quality to meet the growing need of the country and (b) the provision of employment; the encouragement of the 'outgrowers scheme' and the establishment of a foundry workshop thus reducing rural - urban drift and conserving foreign exchange on purchases of spare parts.

For the purpose of this study, it is hypothesised that:-

(i) NISUCO has met responsibly with its nationally assigned sugar production target in the country;

(ii) the cane production cooperatives and NISUCO rural road programme had significant impact on the rural economy.

1.8 **Methodology:**

This study is both exploratory and descriptive, therefore diverse methods will be used in collecting data.

The questionnaire method will be heavily employed, with two separate sets of questionnaires. (Appendix I & II) to be designed and administered to elicit information from the principal officers of NISUCO whose duties and responsibilities have a bearing on the research problem.

The second set is designed to tap information from the rural populace in Edu Local Government Area on a random sampling basis. In this manner, the researcher hope to achieve a measure of representativeness of the entire population of Edu Local Government Area.

Majority of the farming communities were not literate, as such, the questionnaire was interpreted in Nupe and administered to them as an interview and their responses recorded. The questionnaire designed for this study was administered to a sample of 100; representing the principal officers of NISUCO and 240 for the farming communities. The total number of officers having a bearing with the research problem is 442. About 25 per cent of this figure will be used as a sample. This is to enable us have an insight into what these principal officers feel about the activities of the organization.

The other 240 questionnaires was administered on the farming communities estimated to be in Edu Local Government Area. To ensure the representativeness of the sample, a stratified quota sampling was adopted. To arrive at this, the farming population was divided into four strata based on the four principal settlements constitution the area of study viz - Bacita, Tsongar, Tsaragi and Ndabata - Patiekun.

The choice of the village areas surveyed is based on perceived benefits derived from the company over the years.

Meanwhile, secondary sorces of data such as books, periodicals, manuscripts etc from NISUCO library will be used to complement the primary sources of data. The outcome of the questionnaire will be analyzed using frequency distribution, tables and percentages.

1.9 **Definition of Terms:**

Public enterprises include all government organisations referred to as companies, Boards, corporations, Councils, Authorities and Agencies.

Several writers have defined public enterprises in different ways, but a critical analysis of the different definition indicate that they are aiming at describing a common thing: an organisation with identical characteristics. Willoughby for instance viewed it as a pubic organisation "... having some industrial or revenue producing character, services concerned with the administration or exploitation of the public domain, and the general supply services and manufacturing plants of the government."7

Other writers view parastatals as:-

1. political instruments for the attainment of social and economic goals.8

ii. Public institutions which have responsibility for either general or some specific area of a country's economic development. This include

the responsibility for industrial and agricultural development.9 and

iii. a cross-fertilization of government and business.10

From the foregoing, public enterprises can be regarded as semi-autonomous public organisations, established for the performance of a specific socio-economic development function. As the development function for which a parastatal is set up is essentially the stimulation of rapid socio-economic change in the society, public enterprises may simply be regarded as a vehicle or agent of socio-economic development.

Socio-Economic Development:

Development as a concept is all embracing and it can be related to the educational, social, economic, political or religious aspects of a society. For the purpose of this study, we shall restrict ourselves to the definition of socio-economic development. Ideally, socio-economic development has to do with the fundamental change or transformation of a nation's mode of production so as to bring about qualitative changes in their living conditions.

According to D. Seers, the questions to ask about a country's socio-economic development are:-

What has been happening to poverty?

What has been happening to unemployment?

What has been happening to inequality?

If all three of these indicators have declined from high to low levels, the, the result can be called development. If however, one or two of these problems have been growing worse, especially if all three have, it would be strange to call the result development, even if per-capital income doubled.11

Thus, for the purpose of this study, the concept socio-economic development will be seen from the view point of:-

i. Provision of a particular good or services
ii. provision of employment
iii. improvement in income and standard of living and
iv. development of infrastructural facilities

The above indices shall be related to show the extent to which NISUCO has contributed to the socio-economic development of Nigeria.

FOOTNOTES

1] See K.R. Hope, "Improving Public Enterprise Management" in Journal of General Management Vol. VII, No. 3 1982 p.7

2] B.A. Fubara, "Business Policy in Government Owned Companies in Less Developed Countries: The Nigerian Experience" Unpublished Ph.D Thesis, Strathclyde Business School, University of Strathclyde, Glasgow 1982 p. 26

3] Ibid Academic Digest, a bi-monthly Educational Journal Vol. No.1 1990 p. 25

4] J. Ne Ilis "Public Enterprises in Sub-Saharan Africa" A paper presented at the Expert Group Meeting in Australia June, 24-28, 1985 p. 1

5] For more elaboration, see O. Fadahusi, "Public Enterprise Management in Africa"; A paper presented at the Expert Group Meeting of African Association for Public Administration and Management. ASCON; Badagry (Nigeria) 10-15 February, 1986 p. 4

6] Federal Republic of Nigeria Third National Development Plan (1975-1980) The Central Planning Office, Federal Ministry of Economic Development, Lagos p.162

7] W.F. Willoughby, Public Administration Review (PAR) VOL. 1 1940-41 P.381

8] Managing the Parastatals A Report of a Workshop on Parastatal Administration held at the University of Ibadan, 1981 p.4

9] Reflections of Public Enterprises in Nigeria, A Report of a Conference on Public Enterprises held at Institute of Administration, Ahmadu Bello University, Zaria - April 1970 p. 7

10] Public Administration Review (PAR) Vol. ! 1940-41

11] J. Ganna; On the Meaning of Development DFRRI - Federal Republic of Nigeria p. 1.

CHAPTER TWO

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 Introduction

This chapter intends to examine a theoretical framework as well as a review of related literature which will form the basis of this research. The theoretical framework of this study is derived from a body of thoughts that led to the establishment of public sector organisation and the contributions they are expected to make in the course of a country's development.

It is against this background that the activities of NISUCO as an agro-allied industry geared toward socio-economic development will be assessed.

Public enterprises are government organisation established for the purpose of engaging in defined commercial or business type of economic activity. There are others established for non-business or commercial purpose to escape the red tape of existing bureaucracy. Primarily, public enterprises represent avenue by which government is involved in the economic sphere. They represent and reflect governments active intervention in the economy be engaging directly in business.

Public enterprises in developing countries represent a factor of importance for the economic and social infrastructural development of the countries, for their stability and emancipation. As such, they play a significant role in their development strategies, depending

on the socio-economic system of a country.1 The rationale for the creation of public enterprises is predicated not only on attaining commercial and business goals, but also broader developmental goals and a range of socio-economic objectives.

The provision of some of these essential services such as water, electricity, ports and harbours, Post and telecommunications require heavy capital investment so much that both indigenous and foreign investors are discouraged from providing them. These facilities also involve a lot of risk which private entrepreneurs may not be willing to take. The long pay back period also discourages private entrepreneurs from investing in such areas. As a result of the above reasons, government participate directly through public enterprises as instrument of incursion into essential economic and social areas that private enterprises are either reluctant or incapable of entering due to either enormous capital or low profitability.2

The Nigerian Sugar Company which we have selected for this research is an example of such enterprise. The Nigerian Sugar Company, Bacita was established on October 27, 1961. The company has as its core objective, ensuring that the supply of sugar is adequate both in quantity and quality to meet the growing needs of the country and to save foreign exchange. NISUCO is in fact, the pioneer Sugar Company of the Country.

Inspite of the criticisms levelled against public enterprises because of their poor performance, a case could still be made in their favour; that they are pillars of development efforts in developing countries; Nigeria inclusive.

Consequently, a number of theoretical propositions have emerged as to the actual contributions of public enterprises to socio-economic development. For the purpose of this research, a body of such theories have been identified.

2.2 Theoretical Framework:

[i] Public Enterprises as Agents for the Development of Backward Regions:

An important element in the development strategy of less developed countries is the governments attempt to balance or "equalise" existing socio-economic cleavages or imbalances between developed sectors and the underdeveloped, between the advanced rich states or regions and their poor backward counterparts.

These disparities have arisen through a complex set of historical, socio-economic, demographic and cultural factors. However, it has been recognised that disparities in these traditional economic indicators may be compensated by the availability of social services. These social services include the levels of literacy, quality of education, access to health services, portable drinking

water amongst a host of others. These are all key determinants of the quality of life and their productivity.

The importance of this differentiation between societies is crucial because as observed by Robert McNamara:

> When the highly privilege are few and the gap between them is worsening rather than improving - it is only a question of time before a decisive choice must be made between the political cost of reform and the political risk of rebellion.3

Hence government in realisation of this resorted to the development of backward regions through the establishment of public enterprises. Example of such enterprises are the River Basin Development Authorities,the location of the Steel Rolling Mill in Katsina, the Laguna Lake Development Authority in the Philippines to mention but these few. These are bold attempts by governments of LDC's to promote economic activities in the areas considered to be backward so as to promote or develop; local skills and wider employment opportunities for the labour force of these areas.

Within this context, public sector participation in the economy is seen as a way of correcting these regional imbalances. The general experience of most developing countries, with public enterprises located in backward areas has been to set them down as island of modernization in an ocean of backwardness.4

However, the International Centre for Public Enterprise (ICPE) experts have jointly come to the conclusion that the shape and patterns of the development strategies adopted in developing countries for the backward regions varied depending on the socio-economic environments and the historical and politico-cultural features of each society.

[ii] Public Enterprises As Vehicles for Social Equity:

Public enterprises have emerged in developing countries to address issues such as the equitable distribution of income and wealth. This income and wealth re-distribution goal transcends individuals to also embrace the different socio-economic sectors and geo-political regions in the country. In doing this, government tries to balance or "equalize" the existing socio-economic differences existing between the rich and the poor and between the developed and backward sectors of the society. The justification for public enterprise participation in the Nigerian scenario are amply stated in the country's development plans. As observed by Aboyade, public enterprises are particularly important, to maximise the relationship between social benefits and social costs of projects and programmes, to maximize potential growth of the social product and to equalize economic opportunities by eliminating unjustifiable inequalities of wealth. Through social ownership of the means of production ... the public sector facilitates direct

economic controls and the pursuit of non-economic goals of economic development.5

[iii] Public Enterprises as Agents of Regional Development:

For the past 5 or 6 decades, most developing countries have pursued vigorously, regional development strategies. In this strategy aimed at regional development, public enterprises have a very significant role to play.6 It should be noted however, that in playing this role, the operations and activities of public enterprises must be linked and integrated with the overall strategy developed in each country for its regional development. Integrated rural development; though a popular parlance in developing countries leaves much to be desired in its real actualization.

Public enterprises as instruments of regional development tend to be constrained because they were originally conceived for a variety of motives within the general context of national development. Their role in regional development thus became secondary. An example that comes to mind in Nigeria are regional banks. They have as their primary objective encouraging banking habits in the regions but they are also expected to play another role (secondary) developing the region and boosting economic activities in the region.

There are, however, special category of public enterprises specifically set up by regional bodies to

compensate for the deficiencies in local private entrepreneurship. In Nigeria, the two corporations that come to mind are the New Nigerian Development Corporation (NNDC) and the Odu'a Investments Limited (OIL). They provide a good example of regional corporations whose establishment was a legacy of earlier strong regional governments. These two corporations own shares in many of the country's largest industrial and commercial enterprises, including NISUCO.

Analysing the case experiences of several developing countries, the ICPE group concluded that a genuinely successful attempt to introduce regional development planning would necessitate a composite package of elements including; the conscious adoption of national policies of regional development, the preparation of integrated regional plans, devolution of authority to the region; participation; professionalism;. institutional infrastructure - and coordination.7

Public enterprises are indeed part of this process; an integral part for that matter. There's no gain-saying that public enterprises located in regions are catalytic agents for regional development. This is amply stated in the words of Abdul Hafeez, that; state owned enterprises have been created for a variety of reasons: in response to market failures and private monopoly; to promote employment - and regional development.8

[iv] Public Enterprises as Instrument for Plan Implementation:

The relevance of public enterprises in the planning process, in the implementation of development programmes and policies cannot be overemphasised. For development to be achieved, there's the need to plan and mobilise the use of resources in the most efficient and effective manner. If government is to achieve this aim, a substantial control of the major sectors the economy therefore, becomes a pre-requisite for rapid economic development. The argument advanced here is that Public Enterprises are effective means for plan implementation. Buttressing this argument, Robson observed that public ownership of a substantial group of basic industries could contribute greatly to the effectiveness of central planning. Nationalisation of such industries thus came to be considered as a means of placing in the hands of the state the levers which could - control the whole economy.9

The underlying assumption of this theory is that for national development plans of developing countries to achieve the desired goal or objectives, of playing strategic or catalyst role towards the development of the nation, public enterprises have to be used to ensure Effective and Efficient implementation.

For example, in Nigeria, the Second National Development Plan (1970-1974) supports this position with the

dramatic entry of government into areas such as: The Nigerian Railways, Air Transport and Civil Aviation; the State Inland Water Transport, Ports, Communication, etc.

The period 1975-1980 saw the vigorous pursuit by government of the sugar policy. During this period, a number of integrated sugar projects including one that was jointly implemented with the government of Dahomey was executed. Of the projects that spilled over from the Second National Development Plan, the Savanna and Sunti Sugar projects were to be completed. Each was to have a capacity of more than 50,000 tons per annum, with a total cost to the federal government at about =N=120 million.10

In addition to these project, a survey was to be carried out to find Nigeria Sugar Cane Plantation potential. The aims of this survey being (a) to indicate other areas suitable for the establishment of viable sugar estates (b) to assign priorities for the sugar estate development in the feasible areas identified and (c) to formulate a strategy for the development of the Nigeria Sugar Industry.

Today, the Nigerian Sugar Company, Bacita has planted approximately 5,600 hectares of sugar cane and an average of 30,000 tones of sugar have also been produced annually for the last 20 years. It provides employment for 3,000 permanent staff and 2,500 seasonal workers.11

Finally, public enterprises are used by government to intervene in the economy. Government, in any economic

setting, regardless of ideology must endeavour to perform some tripartite functions. These functions according to Musgrave are allocative, distributive and stabilization functions. To perform this function, government, particularly those of developing countries have to rely to a large extent on public enterprise. This intervention or participation by government takes many dimensions such as; the provision of social overhead capital, formulating and implementing growth strategies, accumulating capital, producing goods and services, nationalising foreign assets, using administrative and economic instruments to regulate domestic and foreign capital amongst a host of others.

Having reviewed the foregoing theories, for the purpose of this study, public enterprises as agents for the development of backward regions, as vehicles for social equity, as instruments of regional development and plan implementation will be used to guide this study. The theoretical framework will also be used to show the extent of NISUCO's impact on the socio-economic development of Nigeria.

2.3 Literature Review

The theoretical base for this research has been established. It would therefore, be important to examine works undertaken in this field by previous investigators. In the course of reviewing the literature related to this

research, a clear understanding of some of the aspects of public enterprises will be of value. And this will bring us to the question of: What are public enterprises? What are their distinct characteristics? What are the justification for establishing public enterprises? How could they be classified and what are their function? This thesis is an appraisal of public enterprises in the socio-economic development of Nigeria. What the views of people have been about public enterprises over a long period of time will also be explored.

For instance, in a conference on public enterprises held at the Institute of Administration, Ahmadu Bello University, Zaria, public enterprise was defined as a public institution which have the responsibility for either general or some specific areas of a country's economic development. This include responsibility for industrial and agricultural development.12

Experts from the International Centre for Public Enterprises in Developing Countries (ICPE) known as ICPE experts agreed at a dual-purpose definition of public enterprise. For them, the first definition serves the purpose of enhancing comparative research studies and the second, for a wider understanding of the nature and character of public enterprises. Following this line of thought, the group adopted two definitions; a definition for statistical and research purposes and a conceptual

definition aimed at understanding the identity, character, parameters and public policies governing the enterprises. The ICPE experts attempted an indepth analysis of the two dimensions of public enterprises and the understanding of the concepts of; Public purpose, public ownership, public control, public management and public accountability.

This element of public purpose provides us a key to the understanding of the reasons for establishing public enterprise. It is also a yardstick for differentiation from private enterprises. Public purpose in the context of public enterprise refers to a diverse, multi-dimensional set of goals. The very rationale for the creation of public enterprise is the desire to attain not only commercial and business goals, but also broader developmental goals and a range of socio-economic objectives.13

Another feature of the public dimension of PE is the public ownership. This refers to the ownership of the institution by public authorities, either the Federal, State, Local Government or any autonomous public institutions. Ownership is usually expressed in terms of holding at least 51% of the shares of the corporation. For example, the Federal government, some state governments and some autonomous public institutions own about 89.6% of the shares of NISUCO. (See page 50). With this percentage of shares held, management of such an enterprise lie solely with the public authority.

The concept of public control refers to the exercise of the top management functions of the enterprise by public officers. This also incorporates the concepts of public management and accountability (stewardship).

In examining the enterprise dimension of PEs, the experts felt that the essential characteristic to exhibit the enterprise character of the institution are: the field of activity which must have a business character, concepts of investments and returns and the marketing of the goods and services produced by the enterprise. The above features distinguishes public enterprises from other public organisation. The most central feature of the enterprise dimension is the concept of marketed output of public enterprises. It provides the rationale for the activities performed by public enterprises. The area of activities include, Banking, Industry, Commerce, Services, Agriculture amongst others. The concept of marketed output also indicates the relations between production costs and prices. It implies the need for the establishment of a system of commercial accounts.

The conceptual definition arrived at by the ICPE experts is that; a public enterprise is an organization which is; owned by public authorities including central, state or local authorities, to the extent of 50 percent or more; is under top management control of the owning public authorities, such public control including, inter-alia, the

right to appoint top management and to formulate critical policy decisions; is established for the achievement of a defined set of public purposes, which may be multidimensional in character; and is consequently placed under a system of public accountability, is engaged in activities of business character, involves the basic ideas of investment and returns, and which markets its output in the shape of goods and services.14

The statistical definition of public enterprise is for a precise and quantitative specifications of the boundaries of public enterprises. The objective being to achieve an institutional partition of the public sector into public institutions and public enterprises. Consequent upon this, a statistical definition emerged as follows; A public enterprise is a productive organisational entity which engages in activities of a business character and markets any of its output and which is publicly owned to the extent of 50 per cent or more.15

These definitions cover the same set of institutions, albeit, from different angles. While for instance, the conceptual definition goes beyond merely identifying public enterprises, to further examine and articulate the reasons for their existence and understanding their characteristics, the statistical approach on the other hand gives a neutral identification of the institution as covered by the term.

Fernandes in his definition of public enterprises as it is understood in most developed and less developed countries (LDC) noticed the emergence of allied terms such as 'public undertakings'; 'parastatals', etc. Though these terms can be used interchangeably, he cautioned that care must be exercised in their use since different ecological setting depending on the legal, constitutional and ideological framework determine their usage.

He further examined the approach of A.H. Hanson (1975) in his book titled; Public Enterprises and Economic Development. Fernandes agrees that the concept of public enterprise has been used in a restricted term to mean state-ownership and operation of industrial, agricultural, financial and commercial undertakings.16 This is why he believes that Hanson placed more emphasis to these classified varieties i.e. development corporations, finance corporations, river valley authorities, development and promotional bodies, industrial enterprises, commercial enterprises and service undertakings.

Fernandes in his attempt to define PE came up with an approach which is in line with the ICPE expert group. He also identified the public and enterprise dimension of public enterprises. To accurately describe an institution as a PE, Fernandes came out with five definable test/criteria which an institution should meet. These are the ownership test, the field of activity test, the concept

of investments and returns, the concept of sales and the concept of Balance Sheet and Profit and Loss Accounts.

The Ownership Test

The organisation must be either wholly owned by a public authority or at least owned to the extent to which control rest in the hands of a public authority. This is usually expressed in the ownership of at least 51 per cent of the shares. This also means that management of such an enterprise lies with the public authorities.

The Field of Activity

The activities of an institution regarded as a public enterprise should be of an economic nature embracing fields such as industry, agriculture, trade or commerce and services. Example of such enterprises in Nigeria are the Nigerian Sugar Company, the Nigeria Bank for Commerce and Industry, Nigerian Ports Authority etc. Public Sector organisations which are non-economic or non-commercial are excluded, such organisations that come to mind are the Law Courts, defence forces including the Army, police, Navy and Para-military organisations.

Investments and Returns

Every economic activity is linked to the idea of an enterprise, in terms of profit or just to break even. A

public enterprise therefore, should involve capital investment and the use of working capital on which returns are expected. Return here does not necessarily mean any stipulated rate of profitability. There is the possibility of negative returns in public enterprises just as it also occurs in private enterprises.

The Concept of Sale

The good and or services of PEs should be for sale to the general public i.e. not restricted to certain people. Economic activities here mean two basic activities, the production of goods as in the sugar industry or textile industry. And the production of services as in banks, insurance companies, etc. For an institution to aptly qualify as a public enterprise, the goods and services it produces must be offered for sale.

The Balance Sheets and Profit and Loss Account

Capital investment and sale of goods and services of public enterprises should be recorded in two key documents. A profit and loss account which indicates for a defined period, the income and expenditure inflow and outflow resulting in either surplus or a deficit. The other is the Balance Sheet, which indicates at a given point in time the assets and liabilities of the enterprise. Though these

tests afford us a yardstick by which to judge public enterprises, they do not however, exhaust the whole range of instruments for the control of enterprise.

These exceptions emanates in enterprises which may not be legally owned by public authority but which are in practice controlled by public authority i.e. there is no decree establishing such an enterprise.

Situation of this occur in areas where due to policy consideration, the public authority decides to purchase a block of shares, more so, where such a bulk of shares is the single most important. The implication of this results in a public authority having a control of the organisation in terms of decision making through a board.

From the long and short of Fernandes view as to what constitute a public enterprise, one can evolve a definition incorporating the five tests are follows: A public enterprise is an organisation, wholly or by a majority publicly owned, engaged in economic activities within the spheres of agriculture, industry, commerce or services, involving investments and returns and the sale of goods and services and whose affairs are capable of being stated in terms of balance sheets and profit and loss accounts.17

Another attempt to arrive at a definition of public enterprise is one offered by Juan Allende. She adopted a political economy approach in her attempt to define public enterprises. Her approach was through the assessment of the

impact of the general environment upon the behaviour, structure, performance and development of public enterprises in LDCs. Using various organizational theories such as F. Taylor's Scientific Management Theory, the human relations, the neo-Weberian and Institutionalist theories, (which agree that organizations are dependent upon the environment input and output and that their survival depend on their ability to cope or adapt with the complex and dynamic nature of the environment); she came out to define public enterprise as a natural phenomena in the socio-political process and in some cases as a necessary institution.18

The difference between Allende's definition, Fernandes and the ICPE groups is that while Allende's sees organizations as subsidiary to its environment and as 'organic wholes', Fernandes and the ICPE group recognise the environment but more emphasis was placed on the organisational aspects of public enterprises.

Most definition of public enterprises portray them as agent of socio-economic development. Dimock supports this position that public enterprises are used both as instruments of planned development and to extend state participation in the socio-economic activities to any profitable industrial and commercial activities. He goes on to define them as; publicly owned enterprises that have been chartered under Federal, State or Local Law for business of financial purposes.19

Public enterprises have over the years become an integral part of the modern economy. They are in fields such as commercial, agricultural, industrial and service activities to mention but a few. They provide such amenities as sugar, water, electricity, ports, banking and insurance etc. Public enterprises are conditioned and determined by the requirements and general climate of a given social environment.

Willoughby sees public enterprises as public organisations... having some industrial or revenue producing character, undertaking services concerned with the administration and exploitation of public domain and the general supplying of services and the manufacturing plants of government.20 For him, public enterprises should be autonomous legally, administratively and financially.

Public Enterprises are set up under Acts of Parliaments, Decrees, Statutes or are incorporated under the ordinary company Law of the country. This legal status defines their relationship with other institutions of government. The statutes of a public enterprise is of significance in three ways, namely:

i. It basically lays down what the corporation may or ought to do and what it may not or ought not to do;

ii. It denotes the degree of flexibility in decisional technique and action process

of the corporation at different levels of management; and

iii. It is of relevance in indicating if not specifying the relations of the parties within the organization.

For example, it stipulates relationships between management and employees, the corporation with government and parliament and relation with the consumers.

Public enterprises are called by a wide variety of names which basically are descriptive of their fields of activity.

For example, there's the British Broadcasting Corporation, the Nigerian Ports Authority, the Nigerian Sugar Company Limited, the Nigerian Airports Authority to mention but a few. The different terminologies are of no practical or legal significance. All are corporate bodies sharing the same legal and institutional characteristics.

The characteristic features of these public enterprises have been summarised by A.R. Tyagi;21 in particular reference to British experience under six headings.

i. It is a legal person capable of suing and being sued, entering into contracts, acquiring and owning property in its name;

ii. It is incorporated under a special statute of the parliament which lays down the public

purpc ', its powers, duties and immunities;

iii. Its functions are primarily of business or industrial nature. Although its primary objective is not profit by public service, yet it is run on business lines not in accordance with departmental procedures and practices;

iv. Public corporations have its own finance separate from the national finances. It holds funds in its own name which are granted to it by the Parliament. Once in a while and which have been accumulated through its own earnings. It enjoys complete autonomy in the management of these funds and is not accountable to the government in the handling of these funds except in matters of general policy;

v. It enjoys sufficient administrative autonomy from the control of the Chief Executive. The government has only the powers of laying down general policy. The day-to-day administration is the exclusive responsibility of the Managing Directors of the corporations.

vi. Its personnel do not form part of the civil service but are recruited independently in the pattern of business executives. In fact, the personnel of a public corporation have, in the

condition of services, management and control, skill and temperament more in common with private business executive than with the civil service.

Having noted above, the characteristics which public enterprises wield to enable them perform and shape national economics, the question now is what is the justification for giving them this outlook and establishing them.

Justification for Establishing Public Enterprises

Several reasons have been advanced to justify the participation of the state which have led to the establishment of Public Enterprises as instruments of modernization and development of the society. These reasons are social, political, and economic.

Economically, most of the developing countries are poor, and have acute shortage of capital, manpower, entrepreneur and entrepreneurial skill, low savings, low investment and consequently, low capital formation. (Vicious Cycle of Poverty Syndrome). Put differently, the market situation in these developing countries are far from being perfect, in terms of both the product and factor markets.22 According to Henry, a product market distributes goods and services according to need and the ability to pay for them, and the factor market utilises resources, capital and labour in order to produce goods and services demanded.23

Other signals of market failure responsible for the inability of the private sector to take off, grow and develop are:

i. scarcity and dearth of information and un-reliability of available data;

ii. high risk aversion by private entrepreneurs;

iii. the divergence between social and private evaluation of costs and benefits.

Since the private sector has been incapacitated by the above indicators of market failures, from embarking on economic activities that would lead to the development of the nation, the state has to assume the responsibility. In this process, the state established public enterprises through which she could perform the developmental function efficiently and expediently. According to Anemba, public enterprises are vehicular mode of carrying out the socio-economic development of a state. He believes that economic systems dominated by the public enterprise would facilitate direct economic control and the pursuit of non-economic goals of economic development.24

Politically, it is considered unwise and dangerous especially for developing nations like Nigeria to leave the sectors of the economy responsible for the production of goods and services in the hands of private individuals who could use them to intimidate and or hold the nation to ransom when they wish.25 This has necessitated the state

take over of the basic sectors of the economy deemed strategic to the supply of essential services, and the establishment of parastatals to manage them, to guarantee their prompt and constant supply and to ensure their equitable distribution in the society in the public interest.

Apart from the political reason advanced above, there are other sectors of the economy which the private sector is reluctant to venture into because of their:

i. low profitability

ii. huge construction cost

iii. long period of gestation, and

iv. high risks;

but which are very important for the development of the country, and which the state cannot afford to leave idle and undeveloped. Example are the Iron and Steel Industry in Nigeria which the government has invested in, not because of the dividends it is expected to yield, but the importance of the industry (steel) for the growth and development of the construction and manufacturing sectors essential for the country's industrial take off. The construction cost is so high that it is only the federal government alone that is capable of financing it.

It would also be recalled that in most African countries, where political power was granted after independence, economic power to back the political power

became a matter of necessity. Again, long after these former colonies have gained their independence, their economy were still firmly under the control of their former colonial masters who were still siphoning away their wealth, very much required for the social, political and economic development of the dependent countries. This situation renders their political independence meaningless since they were still held economically to the apron-string of the imperialists.

The struggle for economic freedom just like political freedom is beyond the capability of an individual or the private sector since it lacks the resources and power required for such an enormous task. The state therefore came in, in full force. According to Orungbami,26 it did this in the following ways:

i. It went into direct production and distribution of goods and services in sectors where the private enterprises could not cope with the demand adequately and effectively, in order to keep off further investments in those areas of the economy where their presence and participation were considered dangerous to the well-being of the economy, and the attempt to transform it from a dependent to an independent and a self

sustaining status. Such sectors include among others, the oil, and iron and steel industries, as well as complex manufacturing industries like the paper, sugar, chemical and drug manufacturing.

ii. It also embarked on the indigenization of the economy with a view to transfer the ownership, control and management from foreign hands to indigenous hands, thereby liberating it from foreign domination. For instance, the Nigerian Indigenization Decree of 1972 was a deliberate effort by the government to free the nation's economy from alien domination. In some cases, it went into direct nationalization of the economy which implied the complete take over of the enterprises by the state itself as was the case in Tanzania.

This formidable state required the backing of the law for a successful implementation and this it got with the indigenization decree of 1972. This indicates again, the enormous and gigantic task involved in the struggle for self liberation and the government support it requires for success without which it may be impossible to achieve.

Some of the evils of free market enterprises - such as inflation, exploitation and unemployment needs to be

controlled effectively. States therefore, go into direct production without which it will be difficult for them to control the price of a commodity over which it does not have control over its production or supply. This was why for instance, the Price Control Exercise failed in Nigeria during the 1996-79 military regime since the government did not control the production or supply of the items that their prices were being controlled.

If a government increases employment opportunity in the society for instance, and legislates against the exploitation of labour force, she would be able to enforce the law since the victims of exploitation can afford to control with government by deserting exploiters and taking up better employment in other places with considerable ease. If on the other hand, employment is scarce, victims may not be willing to cooperate with government, and as such, cooperation could result in their being thrown out of employment indefinitely.

Finally, an egalitarian society advocated for by Nigeria to provide for minimum standard of living as part of the objective of state policy has resulted in the establishment of some bodies/agencies to provide social services.

Example of such bodies are Hospital Management Boards, Pilgrims Welfare Boards including various Rehabilitation Centres. In performing their services, these bodies help to

improve the standard of living of the people thereby enhancing socio-economic development. Again, most of the developing countries are eager to develop rapidly and this saw a massive emergence of public enterprises to sow the seed of modernization and development. This socio-economic dimension justifies the establishment of public enterprises.. "as a major instrument for the achievement of some impressive economic growth, combined with a relatively equal distribution of income and the absence of a large scale unemployment".27 The Japanese example comes to mind where their public enterprises were .."created to provide jobs, entrepreneurial support and substitution, protect the balance of payment and transfer Western technology to the backward industries"28

As these are some of the purposes for establishing public enterprises in developing countries, Japan's success story could motivate them. The developing states also intend to have a powerful and influential public sector which is capable of mobilising the human and material resources of the society for the rapid socio-economic development of their states.

From the foregoing, four possible areas by which public enterprises can be classified are: from the intent and purpose of the organisation; from its legal and constitutional framework, from the angle of structure and

organisation and from the area of economic activity which the public enterprise engage in.

The intent and purposes of setting up public enterprises could be either regulatory, developmental, infrastructural, public service or purely commercial. In real life situation, these purposes don't exist in a watertight compartment because they overlap. For instance, the activities of the Nigerian Sugar Corporation cut across the aforementioned purposes. It is to some extent regulatory, developmental, infrastructural, service oriented and commercial.

Regulatory enterprises include independent and autonomous organisation for industrialisation, imports and export control etc. Examples in Nigeria are Food and Drug Administration of Nigeria, Standard organisation of Nigeria etc. Regulatory activities do not have any of the prerequisite of enterprise activity, hence, purely regulatory enterprises could not be actually described as public enterprises.

Developmental enterprises have the objective of promoting the goals of national planning and development. Example in this category in Nigeria include the Nigerian Bank for Commerce and Industries (NBCI) Regional development bodies such as New Nigerian Development Company (NNDC) Limited, River Development Authorities such as Niger River Basin, Lower Benue River Development Authority to mention

but a few. These bodies aside from taking measures to develop the national economy also provide technical and managerial consultancy as well as loans for investments in either agriculture or industry. Operationally, these bodies operate as business and therefore meet the five criteria of Fernandes.

The provision of services and facilities related to public enterprises with business characteristics can be exemplified in organisations such as Nigerian Ports Authority (NPA), Nigerian Telecommunications (NITEL), Federal Housing Authority (FHA) to mention but these few. The sources for generating revenue here includes harbour dues and rates on cargoes, landing fees, airport taxes, etc.

Commercial public enterprises have all the features of private business concerns. Their businesses covers such areas as sugar production, oil refineries, petro-chemical and tourist hotels. Two categories of these enterprises exist in Nigeria. The first are those that are dependent on government funding namely Defence Industries Corporation (DIC), Nigeria Sugar Company (NISUCO), Nigerian Railway Corporation (NRC), etc. The other category are those that are commercial and wholly owned by government but independent of government funding. Example are Federal Mortgage Bank of Nigeria (FMBN) National Insurance Corporation of Nigeria (NICON), the Nigerian National Shipping Line (NNSL) to mention but a few.

These aforementioned classification of public enterprises can be attempted anywhere and one would certainly be able to identify the intents and purposes of the enterprise, its legal status, or organisational patterns and its defined field of activity.

On the whole, it can be rightly said that the inadequacies and shortcomings of the economic resources required for the growth and development of the private sector in the LDCs, which have incapacitated the take off of large scale private enterprise as well as the socio-political determination to be self reliant has necessitated the emergence, growth, development and consequently the predominance of public enterprises in these societies.

In conclusion, we have noted that the foundation for public enterprise was conditioned by certain needs: the need for rapid economic advancement. Finally, the concept of welfarism and the desire to develop rapidly through economic planning were some of the salient reasons that saw the emergence and growth of public enterprises in the world.

FOOT NOTES

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CHAPTER THREE

3.1 EVOLUTION AND HISTORICAL PROFILE OF THE NIGERIAN SUGAR COMPANY LIMITED, BACITA

The Nigerian Sugar Company Limited at Bacita is an indigenous national company, managed and operated by Nigerians. The Company's Head Office and factory is located at Bacita which is about 120 kilometre north of Ilorin, the Kwara State Capital.

By 1955, 43,000 tonnes of sugar was consumed in Nigeria, the entire total of which was imported. The Federal Government of Nigeria thus realised the need to develop an indigenous Sugar Industry. A general survey was conducted by experts and the following areas were identified as suitable for commercial growing and production of sugar: Iseyin, adjoining Ogun River, Akure-Benin around the Owena River, Jebba, Bacita, Songa, Lafiagi Area along the River Niger, Bank of River Kaduna on both sides of Zungeru-Bida road, South of Wushishi and around Elele near Port Harcourt.1

Since the study, other areas have been located around Numan in Gongola State and Mokwa in Niger State. Following the first investigation, a decision was taken to develop the Fadama area along the River Niger. The experts ultimately selected Bacita as a place which seemed to them to fulfil most of the conditions required. In order to grow sugar cane on a commercial scale, the areas to be selected must be determined by using the following criteria; Availability of

vast, fairly flat and unoccupied fertile soil, sufficient water for irrigation, and convenience for communication by rail, road and river.

The Federal Government accepted the report of the experts early in 1958, and a 'Nigerian Sugar Syndicate' was set up to carry out a detailed investigation into the possibility of Sugar Production in the areas recommended. Consequent upon the success of the trial cane plots after three years of study, a final feasibility report recommended that a large-scale commercial sugar project be established at Bacita. The syndicate report also recommended the formation of a company to be known as the 'Nigerian Sugar Company Limited' and this was incorporated on October 27, of 1961.2

Bookers, (Nigeria) Limited, a subsidiary of Booker McConnel (UK) was appointed the Managing Agents for the Company on September 7, of 1963. They continued in this role until November 1, of 1972 when they became the 'Company's Technical Advisers'. By 1973, following the nation-wide Nigerian Enterprises Promotion Decree (NEPD), Nigerians assumed full responsibility for the management of the estate.3

3.2 Building the Factory

The planning of the Sugar Factory started right from the beginning of the project. Fletcher and Stewart; a subsidiary of Booker McConnel, were invited to submit recommendation and estimates in 1960. The Bacita Factory was designed to process, 2,000 tonnes of cane every twenty-four hours and to make from this up to 30,000 tonnes of white sugar.4

Fletcher and Stewart had drawn up designs which were approved, and work started immediately on the construction of the factory. The factory was completed by the end of 1964 and opened on February 20, 1965. The plant cost =N=5 million to build.

3.2.1 Funding and Share Holding – Initial Funding

The Nigerian Sugar Company Limited was established with only a capital base of =N=3 million in 1962/63 with additional injection of an equivalent of =N=3 million in 1967.5 Through capitalization of reserves by way of bonds issued, the company's issued share currently stand at =N=10 million. The company's three mills at Bacita have capacity to refine over 35,000 tonnes of sugar per annum.

3.2.2 Share Holding

The present share-holding of the company is stated below;

SHARE HOLDING IN NISUCO

Nigerian Share-Holders	No of Shares	Holding %
Anambra State	61,798	0.6
Cross Rivers State	70,279	0.19
Federal Ministry of Finance (Incorporated)	1,970,106	19.7
Imo State	61,798	0.6
Kwara State	2,627,127	26.3
Nigerian Industrial Development Bank	1,041,607	10.4
Northern Nigeria Investment Limited	3,079,304	30.8
Odu'a Investment Co. Ltd	433,691	4.4
Rivers State	48,488	0.5
	9,394,168	94.0
Foreign Share Holders		
CWA Holding Limited	242,333	2.4
Tate and Lyle Holdings	363,499	3.6
Total =	10,000,000	100.0

ALL SHARES HELD ARE ORDINARY SHARES OF =N=1.00 EACH

Source: Nigerian Sugar Company Limited, Bacita Fact Sheet on NISUCO. Adufe Press Ltd 1990 p.10

3.3 Goals and Objectives of the Nigerian Sugar Company Bacita

The Nigerian Sugar Company was established on October 27, 1961. The company has as its objectives the following:

Ensuring that the supply of sugar is adequate both in quantity and quality to meet the growing needs of the country and to save foreign exchange.

Apart from this primary objective, the company developed other objectives, complementary to the main one. Thus we find the provision of employment, encouragement of cane production cooperatives ("Outgrowers Scheme") and the establishment of a foundry workshop receiving support from the company as part of its effort aimed at the socio-economic development of the Nation.6

3.4 Organisational Structure of the Nigerian Sugar Company Limited, Bacita

The organisational structure of NISUCO is under the structure of a management Board. The board of the company is composed of a chairman and other members appointed by the Federal Government. The current members of the board are:

1] Alhaji Ibrahim A. Ahmed - Chairman

2] Alhaji A.A. Logun - Member

3] Alhaji M.B. Maiwurno - "

4] Mr. J.S. Sule - "

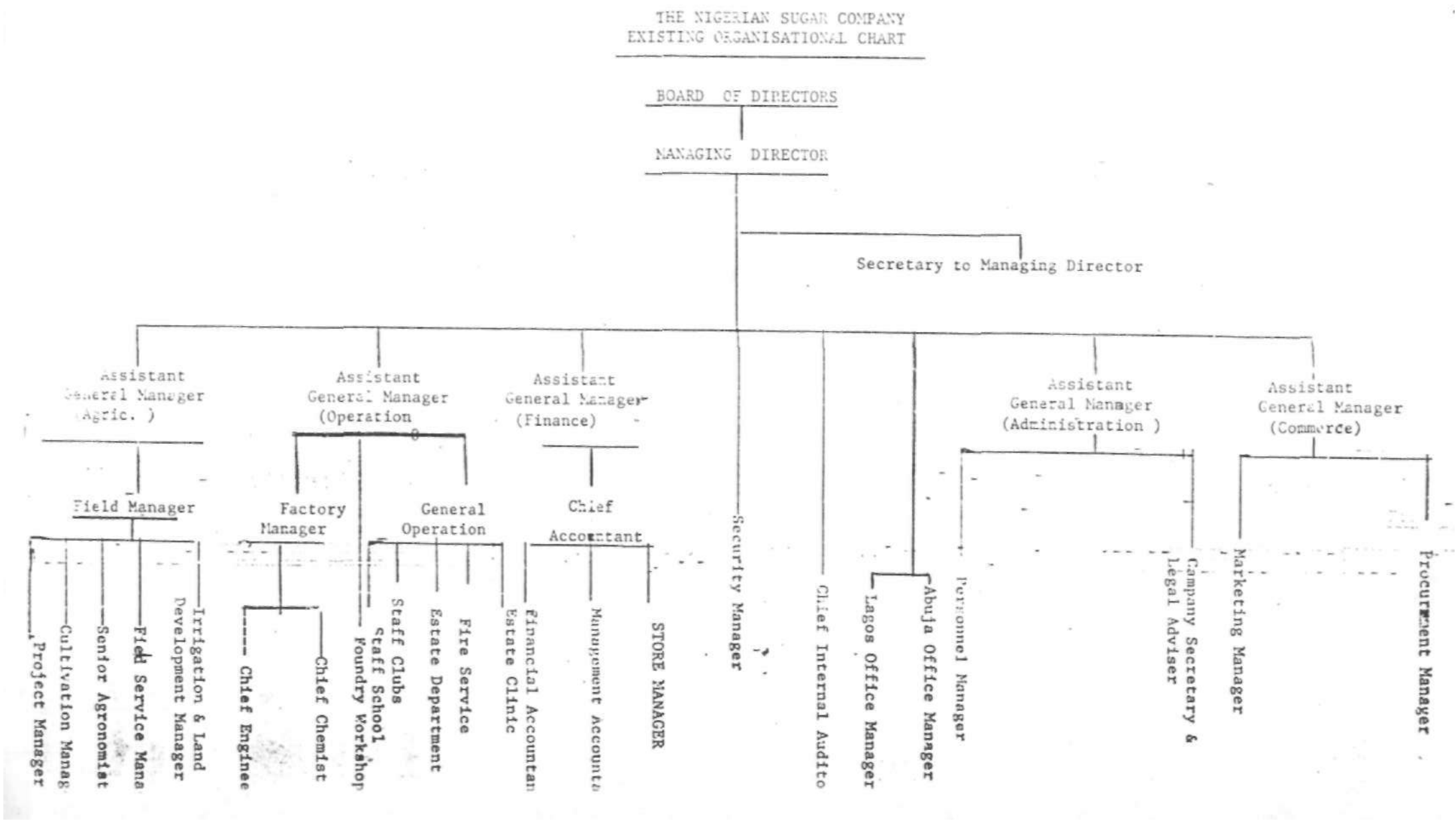
5] Mallam G.H. Ibrahim - "

6]	Alhaji B.B. Rabiu	-	"
7]	Engr. D. Adelekun	-	"
8]	Alhaji A. Muazu	-	"
9]	Alhaji H. B. Mohammed	-	"
10]	Mrs. M.R.A. Adeleke	-	"
11]	Mr A.A. Olasewere	-	"
12]	Mr. S.I. Omonigho	-	"
13]	Alhaji H. Aliyu	-	"
14]	Engr. S. Abdullahi	-	Managing Director

Source: The Nigerian Sugar Company Limited; Annual Report and Accounts for the year ending 31 May, 1993.

Fig. 3.1

THE NIGERIAN SUGAR COMPANY
EXISTING ORGANISATIONAL CHART



The board is responsible for formulating the policy of the company, although the Federal Ministry of Industries and Technology may issue to it directives of a character relating to matters affecting public interest and specific directive for the purpose of remedying particular defects.

The day-to-day administration of the company lies basically with the board consisting of the Managing Director; who is also the Chief Executive of the Company. In order to facilitate the performance of the functions of the company, the management is organized into five divisions viz, Agriculture, Operations, Finance, Administration and Commerce. Each of these divisions is headed by an Assistant General Manager who is incharge of the activities of his department. The Assistant General Manager Agriculture is assisted by a Field Manager who in turn is assisted by Irrigation and Land Development Manager, Field Service Manager, Senior Agronomist, Outgrowers Manager, Cultivation Managers and Project Manager. The Factory, Foundry-Workshop and General Operations are under the Assistant General Manager Operations. Under the Factory Manager we have the Chief Chemist and Chief Engineer. The Operations Department takes charge of the Estate Clinic, Fire Service, Estate Department, Staff Clubs and the Staff School.

The AGM finance is assisted by the Chief Accountant. The following officers are in this department. The Stores manager, Management Accountant and the Financial Accountant.

The offices of Chief Internal Auditor and Security manager are directly under the office of the Managing Director.

The Assistant General Manager (Administration) has under him the company Secretary and Legal Adviser and the Personnel Manager. The Assistant General Manager Commerce is assisted by the Procurement Manager and the Marketing Manager.

The administrative structure in NISUCO is not different from that of the government departments. This is because they are also patterned in the same three-way structure as obtained in government departments. These are the generalist class, the specialist class and the departmental class.

In NISUCO, the general service is made up of administrative, executive, stenographic, secretarial and clerical classes. There is also the specialist class covering the Accounts department, the Agricultural department and the Technicians.

3.5 Departments and Their Roles

At the Nigerian Sugar Company, Bacita, there are five departments with each headed by an Assistant General Manager

who is directly under the General Manager. The General manager is the chief executive of the Company.

3.5.1 Administration Department

This department is headed by an Assistant General Manager. The role of this department is taking charge of the routine functions of the company. This is done through management committees for decision making and implementation. It operates on staff policies, secretarial and other support services. In effect, this department coordinates the activities of the company towards realization of its goals.8

3.5.2 Finance and Accounts Department

This department is also under an Assistant General Manager. The department receives and disburses funds as well as allocates funds for the day-to-day expenditure of all operating departments in the company. The department collects proceeds from sales of sugar, molasses, bagasse and soya beans for bank lodgements, it pays salaries and allowances to staff as well as settle bills of local purchases. The department maintains proper accounting system and finally prepares the company's annual budget estimates.9

3.5.3 **Marketing Department:**

This department is headed by an Assistant General manager. This department markets the company's product which apart from the 50kg bags granulated white sugar now includes NISUCO sweet-cane sugar either 40x500 grammes or 20x500 grammes cartons, molasses, soya-beans and foundry equipments. Over 80 per cent of the company's 50kg white granulated sugar is being sold at Northern markets mainly; Kano, Maiduguri and Sokoto and the categories of these customers are Pharmaceutical Companies, Soft Drink manufacturers, Distilleries, Breweries, bakeries, Confectionary Companies and Individual organisations.

Company"s Product Range:

Presently, the company markets the following range of products:

[a] White granulated sugar 50kg bags ideal for industrial manufacturing process.

[b] Sweet cane sugar (both white and Brown) in 500 grams pack which is ideal for domestic table use. They are in 20, 40 or 50 sachets in a carton.

[c] Molasses which is one of the by-products of sugar processes is mainly used for the production of portable and Industrial Alcohol, Yeast production and Animal feeds.

[d] Soya beans in 50kg bags and 5kg sachet for Baby food and Milk production.

[e] Workshop/Foundry products which includes Tilting Furnaces, Lift-out furnaces, Rice fan, Maize shellers, Groundnut crackers, Manufacture of Impeller-pumps and spare parts.10

3.5.4 **Personnel and Industrial Relations:**

The personnel department deals with labour matters such as welfare of all staff and employees of the company. This department treats matters relating to recruitment and appointment, job placement, grading and classification, promotion, discipline, separation and man-powers training and development. Facilities provided by the company for staff welfare include:-

[1] Free accommodation for both Senior and Junior Staff or house rent subsidy in lieu of company house;

[2] In addition to recreational centres (clubs) provided for both Senior and Junior Staff, sporting facilities for Football, Basketball, Tennis, Swimming Pool, Golf Court, and other indoor games are provided as well as play grounds for the children of employees.

[3] The company has guest house in Bacita to cater for company guests, customers and visitors to the estate at moderate charges.

Medical Care:

The company offer free Medical Care to its employees at the company's medical centre. The Medical Centre is manned by qualified Medical Doctors and Nursing Staff.

Staff School:

The Nigerian Sugar Company runs a staff children's school for children of their staff and children of other officers working for other organisations in Bacita township.

The school offers full primary education and is manned by qualified teachers.11

3.5.5 Agricultural Department:

This department is headed by an Assistant General manager. This department is the doing aspect of the organization and as such, it is a very important department. The department is in charge of farm planning and management activities. It takes care of soil conservation and land development activities, it takes care of fadama development and irrigation. The department also is in charge of planting, fertilizer application and outgrowers scheme of the company. It takes care of other activities such as weed control, pests and diseases as well as harvesting.

The outgrowers scheme in the company was inaugurated in 1977 with the aim of encouraging local farmers around Bacita and the environments to grow cane and sell to NISUCO in order to boost its (NISUCO) sugar production. The two categories of the scheme include Association farmers and Individual farmers. To encourage farmers in the scheme, the company provides services such as land clearing, ridging and harvesting to the farmers until when their crops are harvested and transported to the factory. The cost of this operation are deducted from the total revenue due to the farmers from the sale of their canes to the company.12

FOOTNOTES

1] The Nigerian Sugar Company, Bacita, Fact Sheet on the Nigerian Sugar Company Bacita. Adufe Press, Bacita 1990 p.6

2] Ibid p.8

3] Ibid p.10

4] Ibid p.11

5] Ibid pp.3-4

6] Ibid p.15

7] Ibid; Annual Report and Accounts for the year Ended 31 May, 1993 p.3

8] Ibid; Technical Brochure, Yunidel Communications, Ilorin 1993 p. 20

9] Ibid p.21

10] Ibid p.22

11] Ibid p.24

12] Ibid p.8

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction:

The preceding chapter has discussed the evolution and historical profile of the Nigerian Sugar Company, its objectives, the organisational structure of the company as well as the functions of the various departments in the organisation.

The main thrust of this chapter is to appraise the impact of NISUCO in the socio-economic development of Nigeria with particular emphasis on Edu Local Government Area of Kwara State.

This chapter is devoted to the analysis of data, in terms of the objectives of NISUCO and the hypothesis proposed in chapter one of this study. All questionnaires were administered in Edu Local Government Area of Kwara State. Questionnaires were served to NISUCO officials who have bearing on the research problem; and the farming communities/associations. The sample consisted of 100 officials comprising 25 per cent of the 416 officials in this category (see Appendix V) and 240 for the farming communities/associations.

It should be noted that Edu Local Government Area consist of a single tribe, Nupe, with the same socio-economic system. Here, the family heads, together with their wives and children practice cooperative/group farming. Hence, most of the respondents were male.

The first section of the questionnaire for NISUCO staff was on demographic information which included; qualification, length of service and department of the respondents.

Qualification and cadre as yardstick was used to measure and compare responses between holders of Post graduate degrees, first degree and Higher National Diploma holders against the order of Ordinary National Diploma, Higher School Certificate and Ordinary and Advanced Level West African School Certificate.

The length of service on the other hand was used to allow for objective judgement. To ensure this, the service years was divided into three parts to cover the period under study. We assume that respondents of between the last 1-5 years in the organisation may not be in a good position to accurately judge the performance of the company, while those of 6 years and above are more likely to, since they have more experience. Hence, the ranging 1-5, 6-10 and 11-15 years was adopted. Departments of the respondents was also used so as to see if they had any effect on the pattern of response.

In using the qualification of the staff as a point of focus in determining responses, there was no difference in the way the questionnaires were answered. The only difference noticed was in terms used in expression which

can be associated with their level of education. The table below shows the ratings.

Table 4.1

Qualification	Number of Responses	Percentage
Postgraduate, Degree and HND	48	48
Certificate, OND and WASC.	52	52
Total	100	100

SOURCE; Survey by the Researcher

Of the total respondents of 100, only 48 representing 48% are holders of HND, degree or Post-graduate certificates. While the remaining 52 representing about 52% are holders of OND and WASC Certificates.

Also, using the respondents length of service, respondents who have served the organisation from between 6-10 years and 11-15 years represented about 72% of the total respondents. The high percentage of this group further helped to authenticate the research findings. It also confirmed the earlier assumption that respondents of less than 6 years are not conversant with NISUCO's activities. Most of their assessment may be based on hearsay.

Below are the ratings.

Table 4.2

Length of Service	Number of Respondents	Percentage
1 - 5	28	28
6-10	30	30
11-15	42	42
No response	-	-
TOTAL	100	100

SOURCE; Survey by the Researcher

Finally, the representation equally cuts across different departments in NISUCO. This was adopted to see if the different departments would view and rate the operations of the company differently. The responses are as follows:

Table 4.3

Department	Number of Respondents	Percentage
Administration	25	25
Agriculture	30	30
Commerce	10	10
Finance	20	20
Operations	15	15
TOTAL	100	100

SOURCE: Survey by the Researcher

Sections II, III and IV of the questionnaires were drawn inform of quantitative and opinionated questions as reflected in the data collected. The quantitative ones had been analyzed distinctively, while the opinionated ones were analyzed in reference to the question they prove.

4.2 Analysis of Sugar Production

In doing this, we will measure the performance of NISUCO against the stated objectives, i.e. sugar production capacity/target. The Bacita factory was designed to process 2,000 tons of cane every twenty four hours and to make from this up to 30,000 tonnes of white sugar.1

In testing this hypothesis, the NISUCO officials were asked to rate if NISUCO had contributed to the availability of sugar in Nigeria? Below are the responses.

Table 4.4

Responses	Number of Responses	Percentage
Strongly Agreed	80	80
Agreed	15	15
Disagreed	5	5
Strongly Disagreed	-	-
TOTAL	100	100

SOURCE: by the Researcher

To further authenticate or refute the above claims, secondary data, this time, the sugar production statistics of the company was analyzed. Figure 4.1 below shows the sugar production statistics of NISUCO for the period under review.

Figure 4.1

Performance Statistics of Nigerian Sugar Company 1980/81 - 1988/89

Year	Production (Tonnes)
1980/81	31,230
1981/82	23,670
1982/83	28,143
1983/84	16,395
1984/85	20,401
1985/86	26,203
1986/87	33,338
1987/88	31,630
1988/89	31,154

SOURCE: NISUCO, Technical Brochure, Yunidel Communication, Ilorin, 1990, p. 17.

The above table depicts that for the first half of the scope of this research i.e. (1980-84) production of sugar fluctuated from as high as 31,230 tonnes in 1980/81 to as

low as 16,395 tonnes in 1983/84. The production figures between this period was below the target stated for the company. That is to say that, in 1981/82 cropping season, 23,670 tonnes of sugar was produced. In 1982/83, 28,143 tonnes was produced, in 1983/84, we have 16,396 and 20,401 in 1984/85. The cause of this depressed sugar production shall be analyzed in the later part of this chapter.

The second period of the scope of this research i.e. (1985/86 - 1988/89) on the other hand witnessed a tremendous improvement in sugar production. Production picked up from 26,203 tonnes in 1985/86 to as high as 33,38 tonnes in 1986/87. Sugar production witnessed a fluctuating trend in 1987/88 and 1988/89 cropping seasons with 31,630 and 31,154 tonnes respectively. The short fall in production in 1987/88 was associated with the impounding of water at Jebba during the trial run of the Jebba Dam Project.

The above information using the strength of figures shows that NISUCO has met responsibly with its nationally assigned sugar production target. This further validates our first hypothesis.

Furthermore, NISUCO officials were asked to rate if the company has contributed to the socio-economic development of Bacita and environs.

Table 4.5

Contribution of NISUCO to Socio-economic Development

Responses	Number of Responses	Percentage
Strongly Agreed	85	85
Agreed	10	10
Disagreed	5	5
Strongly Disagreed	-	-
Total	100	100

SOURCE: Survey by the Research

Similarly, the (staff) respondents were asked to tick from any of the following areas they felt NISUCO has contributed to socio-economic development.

Table 4.6

Responses	Number of Respondents	Percentage
Availability of Sugar	100	100
Provision of employment	80	80
Roads development	60	60
Housing	60	60
Others list (Schools and Company Clinic)	40	40

NOTE: N is greater than 100 as respondents were free to indicate more than one answer.

SOURCE: Survey by the Researcher

From the foregoing, public enterprises, (NISUCO) as vehicles for plan implementation has been amply demonstrated. The company has served as a vehicle towards achieving the country's sugar industrial development policy.

4.3 Contribution of NISUCO to National Employment

Rural-urban migration for whatever reason is one of the problems faced by governments in most less developed countries. One way of addressing this problem is through siting of industries in the rural areas to absorb the rural working population. This according to economists will help to reverse labour mobility.

The Nigerian Sugar Company is situated in a remote area. A visit to Bacita will show that had it not been for the company, the place will best be passed for a village. The presence of NISUCO has helped to boost economic activity in Bacita and also reduced the number of young school leavers moving into town to look for jobs. Infact, some farmers have not only shifted production from rice to sugar cane but also increased their hectrage to enable their children/wards to be gainfully employed on the family farms.

Others have found jobs in the company as most of the semi-skilled, unskilled and seasonal workers come from the areas around Bacita.

As a follow-up to the last question, the respondents (company staff) were asked if NISUCO contributes to national employment? Below are the ratings.

Table 4.7

Responses	Number of Respondents	Percentage
Strongly Agreed	80	80
Agreed	15	15
Disagreed	5	5
Strongly Disagreed	-	-
Total	100	100

SOURCE: Survey by the Researcher

95% of the respondents agreed that NISUCO contributes to national employment.

Secondary sources further authenticated the response to this question. Below is the employment profile of the company for the period of this study i.e. 1980-89.

Figure 4.2

Total Personnel Strength of NISUCO 1980--89

Year	Total
1980	4,800
1981	4,910
1982	4,990
1983	5,350
1984	4,467
1985	3,500
1986	3,000
1987	3,050
1988	3,140
1989	3,331

Source: Personnel Department, NISUCO, Bacita

The above information no doubt shows that NISUCO has been contributing to National employment. This was reflected by the data collected. About 95 respondents of the total representing 95% agreed or strongly agreed that NISUCO has contributed a lot to National employment.

Tied very closely to the issue of employment is manpower training and development, otherwise known as Human Resource Development (HRD).

HRD programmes help to ensure that organisations have the people with the skills and knowledge it needs to achieve its strategic objectives. It is aimed at two things namely

to train new employees to the level of performance required in their jobs quickly and economically and to develop the abilities of existing staff. For the later, this will enhance their performance in the present job and prepare them for additional responsibilities in the future.2 Records from the company's files shows that NISUCO has been contributing to Human Resource development; (See Appendix 3 (i and ii).

The above contribution of public enterprises as agents of social-equity and regional development has further been portrayed by NISUCO in employment and income provisions as well as manpower development.

4.4 Analysis of the Outgrowers Scheme

One of the objectives of NISUCO is to significantly increase the production of sugar to support domestic manufacturing industries. In trying to achieve its sugar production target, the company has organised the local people in and around Bacita into a farmers cooperatives for cane growing. This cooperative is known as the Farmers 'outgrowers scheme'. This scheme has helped to boost the social and economic life of the rural area by reducing massive rural urban drift.

In this vein, the researcher intends to analyze the contributions of the outgrowers scheme in the socio-economic development of the rural area. In response to the question;

whether the farmers are members of the outgrowers' scheme, 91.7% have stated that they are members as shown in Table 4.8 below.

Table 4.8

Membership of the Outgrowers' Scheme

Responses	Number of Respondents	Percentage
Yes	220	91.7
No	20	8.3
Total	240	100

SOURCE: Survey by the Researcher

Respondents were further asked to indicate benefits they derive from the membership of the outgrowers scheme. Below are the responses.

Table 4.9

Benefit Derived from Outgrowers' Membership

Responses	Number of Respondents	Percentage
Steady Income	200	83.3
Faster Marketing Outlet	210	87.5
Fertilizer Procurement	200	83.3
Increased farm yields	150	62
Improved method of Cultivation	240	100

N is greater than 240 as respondents were free to indicate more than one response.

SOURCE: Survey by the researcher

4.4.1 Sugar Cane Yield:

The local farmers (out-growers) were asked to indicate how their production fared as a result of the contact they have with the company.

The respondents view on productivity was that there was increase in output in recent years 1985/86- 1989/90 see also appendix 4.

Table 4.10

Opinions of Respondents on Whether there was Increase in Their Output from 1985 - 1989

Responses	Number of Respondents	%
Yes	230	98.8
No	10	4.2
Total	240	100.0

Source: Survey by the researcher.

The survey also revealed the extent to which the respondents output fared during the period 1985 - 1989. 33% revealed that their output were excellent, while 41.7% believed that their output were very good. 16.6% believed that the crops were good.

Table 4.11

Sugar Cane Yield

Responses	Number of Respondents	%
Excellent	80	33.3
Very Good	100	41.7
Good	40	16.6
Fair	10	4.2
Poor	10	4.2
Total	240	100.0

Source: Survey by the Researcher

The respondents' view on the factors that had accounted for increased sugar yield was that 41.7% believed that it could be associated with rainfall, while inputs and extension advice jointly carried 50% see table 4.12.

Table 4.12

Respondents View on the Variable Affecting Sugar Cane Yield

Variable	Number of Respondents	%
Regular Rainfall	100	41.7
Extension advice	100	41.7
Inputs	20	8.3
Others	20	8.3
Total	240	100.0

Source: Survey of the researcher

4.4.2 Improved Life Style:

Some of the farmers have developed a high taste for Radio sets, Motorcycles, Bbicycles and Iron Beds. This could be attributed to the fact that these farmers have adopted practices in cash crop production (sugar cane) acquiring more cash.

The survey reveals that, though there was increase in sugar yield, opinions were divided on whether there was any significant change in income level of the respondents. 60.4% of the respondents were of the view that there was increased income while 39.6% were of the opinion that there was no change in their income. This they attributed to the poor - pricing of sugar cane by the company.

Table 4.13

Respondents View on their Level of Income

Responses	Number of Respondents	%
Improved Income	145	60.6
Unchanged/Decline Income	95	36.6
Total	240	100.0

Source: Survey by the researcher

60.4% of respondents whose income have increased have ownership of Bicycles, Motorcycles Radio sets, while 5% of the more affluent respondents have Motor Vehicles and a Tractor.

4.5 Analysis of NISUCOs Road Programme:

In assessing the standard of living of a people, another factor of significance is road infrastructure to ease mobility of person and goods. This also is an important aspect of rural development. Without roads for instance, NISUCO would not be able to reach its customers and transport inputs and products to and from the cane farms respectively.

The presence of good motorable roads were virtually non-existent during the pre-project period, (1965). Infact, Bacita has one major road linking it from Jebba junction to the rest part of the state. The performance of NISUCO in ameliorating this transportation difficulty with the introduction of the outgrowers scheme is quite commendable. This was achieved by charging =N=2 on each 50kg bag of sugar sold to its customers.3 This has not only enabled the company to open up other rural areas but also to maintain them year-round.

As a result, many of the villages have been linked with Bacita and consequently other urban centres. Seventy-eight (78) kilometres of laterite roads and twenty-two (22) kilometres of all purpose road, (a total of 100km) which is also the target of the company has been achieved.

In response to the question, whether their villages have benefitted from NISUCOs rural roads programme, 100%

stated that their villages have benefitted from the road programme as shown in table 4.14.

Table 4.14

Respondents View on Whether Their Villages have Benefitted from NISUCO's Road Programme

Responses	Number of Respondents	%
Yes	240	100
No	-	-
Total	240	100

Source: Survey by the researcher

The responses received on the impact of the rods programme on the rural economy is shown in the table below.

Table 4.15

Respondents View on the Impact of Roads Constructed By NISUCO on the Rural Economy

Responses	Number of Respondents	%
Ease of transportation Problem	150	62.5
Expansion of markets	60	25.0
Increased productivity	30	12.5
Total	240	100.0

Source: Survey by the researcher.

The table show that 62.5% of the respondents have the opinion that roads have made the transportation of goods,

services and people easier. Motor vehicles could now penetrate into remote villages that were hitherto inaccessible, therefore, large amount of commodities could now be moved to markets in cities within a short period than before when head porterage was used. The roads also made it easier for farmers to get inputs as well as extension advice from the outgrowers departments since the officials could easily move around the villages. 25% of the respondents were of the view that the roads have led to the expansion of markets within and around Bacita. This has enhanced the influx of manufactured goods into the area since it is easily accessible.

The table below shows the beneficiary communities and the kilometres of roads built by NISUCO.

Table 4.16

Communities that have Benefitted from NISUCO's Rural Roads Development Programme 1986 - 1989

Communities	Kilometres of Roads Built	Percent of total
Jebba Junction to Bacita	22 (AP)	22
Bacita to Tsongar	18 (LR)	18
Bacita to Tsaragi	10 (LR)	10
Tsongar to Tsaragi	6 (LR)	6
Bacita to Ndabata/Patiekun	20 (LR)	20
N/Patiekun - Tsongar	10 (LR)	10
N/Patiekun - Tsaragi	14 (LR)	14
Total	100	100

Note: AP = All purpose road
LR = Laterite road

Source: Outgrowers department, NISUCO Limited.

The authors visit to Bacita and the aforementioned villages showed that the road network has contributed immensely to accessibility, produce evacuation and expansion of markets. The fact sheet on NISUCO categorically stated that apart from the fact that NISUCO provides direct employment to about 3,500 people in and around Bacita, Bacita has grown into an industrial town with movements of traders, contractors and artisans from the urban centres to provide services to both the company and employees. The linking of these villages with Bacita has made it possible for them to move their food and cash crops to communicate with other parts of the country. The above tallies with our theoretical framework that public enterprise can be used as agents for the development of backward regions (industrialization). Regional development and enhancing social-equity through the employment and income opportunities it creates. It further confirms the second hypothesis that the rural road programme of NISUCO have had significant impact on the rural economy.

4.6 Factors Responsible for Inefficiency and Ineffectiveness of the Nigerian Sugar Company, Bacita:

In trying to analyze the causes of poor performance of the Nigerian Sugar Company, the management staff across departmental lines were asked to rate the performance of the company during the two periods of the scope of this

study i.e. 1980-84 and 1985-89. The question asked the respondents to rate the performance of NISUCO between 1980 to 1984; below are the ratings.

Table 4.17

Respondents View on the Performance of NISUCO 1980-84

Responses	Number of Respondents	%
Very High	-	-
High	-	-
Average	24	24
Low	60	60
Very low	16	16
Total	100	100

Source: Survey by the researcher.

The total respondents were 100. 24 or 24% of the respondents stated that the performance was average, 60 or 60% said the performance was low while 16 or 16% said the performance was very low.

Respondents were again required to indicate if they thought there was government interference in the day-to-day management of NISUCO during this period.

Table 4.18

Respondents View on Interference by Government

Responses	Number of Respondents	%
Strongly agreed	60	60
Agreed	24	24
Disagreed	16	16
Strongly disagreed	-	-
Total	100	100

Source: Survey by the researcher.

In response to this question, a total of 84 respondents out of a total of 100 constituting 84% agreed or strongly agreed that there was government interference in the day-to-day management of the organisation.

Furthermore, the respondents were asked to candidly enumerate factors that were responsible for the management problem in NISUCO. The following were the ratings.

Table 4.19

Respondents View on Management Problems of NISUCO

Responses	Number of Respondents	%
Government influence on recruitment	35	35
Lack of autonomy	50	50
Old and dilapidated factory	5	5
Non - availability of spare parts	10	10
Total	100	100

Source: Survey by the researcher.

Lack of autonomy has been the highest rated factor responsible for the management problem in NISUCO. It constituted 50 respondents out of the total respondents representing 50%. This was closely followed by interference by government in recruitment constituting 35% of the respondents. This response pattern confirmed the result in the previous question.

Respondents were further asked to rate the performance of NISUCO between 1985 to 1989 with a view to comparing the two periods of the scope of this study. Below are the ratings.

Table 4.20

Respondents View on the Performance of NISUCO 1985-89

Responses	Number of Respondents	%
Very High	56	56
High	35	35
Average	9	9
Low	-	-
Very Low	-	-
Total	100	100

Source: Survey by the researcher.

In response to this question a cumulative total of 91 respondents are of the view that the performance of NISUCO

was high or very high between 1985 to 1989. 9% scored the performance as average.

Furthermore, the respondents were asked to candidly enumerate the factors that were responsible for the favourable performance of NISUCO between 1985 to 1989.

Below are the responses.

Table 4.21

Responses View on Factors Leading to Favourable Performance Between 1985-89

Responses	Number of Respondents	%
Less government interference	30	30
Change of management	40	40
More fund disbursement	40	40
Reduction of Staff	20	20
Total	100	100

Source: Survey by the researcher

Also in response to this question, 30 out of 100 respondents indicated less government interference as one of the factors responsible for favourable performance. 40% associated the performance of the company to change in management, while 10% associated productivity with more fund disbursement. 20% of the respondents are of the view that the reduction in the staff strength brought about the favourable performance of the company.

In line with the previous questions, the respondents were further asked of ways they thought the performance of NISUCO could be improved.

Table 4.22

Respondents	Number of Respondents	Performance
1. Change of management	15	15
2. By having more fund	15	15
3. By having more autonomy	46	46
4. By reducing the number of staff	24	24
Total	100	100

Source: Survey by the researcher

Majority of the respondents agreed to the fact that in order to improve the performance of NISUCO, it should be given more autonomy in the day to day management of its affairs. This was because 46 or 46% of the respondents attested to this fact. While reduction of staff had 24%, change in management and more funding scored 15% each.

4.7 Other Impacts of the Nigerian Sugar Company, Bacita

(a) Supply of Molasses

It should perhaps be mentioned that apart from the areas already mentioned, NISUCO has made impact in other areas of the economy. For instance, the steady increase in

production of the company has helped to guarantee the steady supply of molasses to the Nigerian Yeast and Alcohol Manufacturing Company, (NIYAMCO), thus ensuring NIYAMCO's continuous production and full capacity utilization.

At present, molasses is being distilled for medicinal spirits and for alcohol used in gin distilleries. 75% of the molasses produced by NISUCO is being used by NIYAMCO and the remaining 25% is sold to local distillers, NNPC for carbon black manufacture, pharmaceutical for drugs and research institutes for Animal feeds. Appendix VI shows the uses to which molasses can be put to.

(b) Housing, Medical Care and Education

The Nigerian Sugar Company provides the following facilities for its employees:

i) Free accommodation for both senior and junior staff or house rent in lieu of company house. At present, the company has 108 housing units for supervisory staff, 259 for junior staff and 150 at the Pati-Tunku Estate for the senior staff; a total of 517 housing units.

In addition, the company offer free medical care to its employees at the company's medical centre. The company also runs a staff children's school for children of the company staff and children of other officers working for other organisations in Bacita. The school offers full primary education.

Diversification

Sugar cane is a seasonal crop. The cropping season for Nigeria is between November of a particular year (when the rains would have completely stopped) and April of the following year, (when the rains are about to set in). During the period, that is November and April, NISUCO is in production and in a position to generate revenue.

However, between May and October, when the company is not in production, no revenue is generated. A solution to this period of inactivity was found in diversifying the company's activities to other viable agricultural activity.

The company has diversified to growing soya beans. The first harvest of the soya beans farm was in 1987. A total of 10 tons of soya beans was realised (at =N=4,000.00 per tonne) from the first trial. In 1988, total area planted was 30 hectres at Bacita and Lafiagi and 35 tonnes of soya beans was harvested. In 1990, 37.8 tonnes was realised and this short fall was associated with the drought of that year. In 1991, 123 tonnes was harvested and sold at a price of =N=15,000.00 per tonne. A profit of about =N=200,000 was realised in 1992 production season after deducting cost of production.4 This huge profit was realised because of the scarcity of the commodity.

Soya beans is supplied to oil millers. Specifically NISUCO supplies to Taraku Oil Mills in Benue State, Nestle Foods, Lagos and Oja Farms, Ilorin. The company intends to

expand the soya beans farm. From the next planting season, 500 hectres will be planted annually until a target area of 2,000 hectres is cultivated. The diversification when completed will result in about =N=200 million foreign exchange saving for the country.5

Foundry Workshop

The foundry workshop was initiated for the purpose of fabricating spares on a small scale for the company. With the passing of time, the project turned out to be a major revenue generating source for the company. As at 1987, additional equipment worth =N=1,2 million were purchased to beef up the output of the workshop. Equally Project Development Agency (PRODA) has prepared a comprehensive feasibility report on the Foundry Project. A net revenue of =N=10.6 million was generated from the operation of the workshop in 1987/88. While over =N=1 million was again generated in 1988/89.

The Foundry Workshop has produced and sold several tilting Crucible Furnaces and Lift-out Crucible furnaces. It has also produced and sold several Rice Fans, Maize Shellers, Groundnut Crackers, Pumps, Spare part and manufacture of impeller. The cost of a Lift-out Crucible Furnace is =N=215,000 while a Tilting Furnace cost about =N=350,000 each.

The company has served the following organisations in Nigeria. Oyo State Water Board, Ibadan, Oshun State Water Board, Oshogbo, Kwara State Water Corporation, Ilorin, Katsina State Water Corporation, Katsina and the Federal Ministry of Housing, Lagos. Others are Kwara State Council for Appropriate Technology, University of Ilorin, Raw Material Research Institute (under FIRRO), Lagos, Metallurgical Research Institute, Jos and Federal Polytechnic, Bida.

Additionally, the company has helped to fabricate and install a complete set of a mini-sugar plant at Lafiagi with a capacity of producing 60 tonnes of cane per day. About =N=20 million was realised by the company. The operation of the foundry is a big revenue source to the company as it generates about =N=2 million annually.6

The company has concluded cooperation agreement with Defence Industries Corporation (DIC) and Aladja Steel Complex (ASC) in its effort to increase its dependence on local sources for most of its spare parts.

Footnotes

1. The Nigerian Sugar Company, Technical Brochure. Yunidel Communications, Ilorin, 1990, p. 2.

2. M. Armstrong, A Handbook of Human Resources Management (Kogan 1990) p. 197.

3. NISUCO Annual Report and Accounts for the year ended 31 May, 1990, p. 9.

4. NISUCO Records of Sales from Soya Beans Manager.

5. NISUCO Technical Brochure, Yunidel Communications, Ilorin, 1990, p. 15.

6. NISUCO Records from the Marketing Department, Bacita.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This study has appraised the Nigerian Sugar Company Limited, Bacita on the Socio-economic development of Nigeria.

In the first chapter, the author examined the importance of government intervention in the economy through the use of public enterprise as one of the pre-condition for overall national development. Problems for the study were identified and hypotheses used as a working guide for the research was drawn.

The usual approach to inquiry, i.e. library source, questionnaires, interviews and personal observations were adopted.

The next chapter discussed the theoretical base and literature review of this research. The theory of public enterprises as agents for plan implementation, regional development, vehicle for social equity and agents for the development of backward areas was adopted to guide this study. A review of the concept of public enterprise, their characteristics, justification for establishing them and their functions was undertaken.

Chapter three considered the evolution and historical profile of the Nigerian Sugar Company, Bacita. The goals and objectives of the company, as well as the organizational structure was discussed. The functions of each department

was also presented as a prelude to understanding the activities of the company.

Chapter four presented and analyzed the data. Secondary data was used to review the activities of NISUCO. Questionnaires and interviews were also used on the officials of the company and the farmers to test some items of the hypotheses. In analysing the data, percentages was used for purposes of comparison. This enabled the researcher to reach a valid conclusion on the hypotheses tested.

From the study, it was found that the establishment of the Nigerian Sugar Company, Bacita has helped in broadening the productive base of the immediate society (Bacita) in industrial, commercial and agricultural sectors. It has stimulated the socio-economic development of the society in the state through the provision of inputs (Fertilizer and extension advice to farmers) and infrastructures (roads, etc) that can facilitate the smooth take off of a buoyant economy.

The study showed that most of the rural communities are benefitting from the company's rural road programme. It will be recalled that as part of the effort to facilitate the company's activities, it opened up the rural areas through a network of roads. The roads are useful in easing transportation in terms of produce evacuation, access to medical centres, movement of people and goods and the

expansion of markets. Also, various villages were linked with the bigger market at Bacita. The road programme consequently became an avenue for increasing productivity and income.

The study also revealed in chapter four that the company has helped in stimulating national employment, increased income and improved life style of the people. This has helped to reduce rural-urban drift.

In Chapter four, the researcher showed how the company has been able to organise the local farmers into a "Farmers outgrowers' Cooperative Society". This has encouraged or enhanced social integration, community and friendship network. In addition, membership of the 'outgrowers - scheme' became an important source of income to the farmer; and an avenue that has helped to change the perception of the local farmers to development.

From the data analyzed in Chapter Four, it was found that NISUCO has contributed to the socio-economic development of Nigeria and particularly Kwara State to an appreciable degree. A breakdown of the company's contribution are in areas such as; supply of sugar for both domestic and industrial use, rural employment and human resource development and encouraging the local farmers into being members of the company's initiated 'outgrowers scheme'.

Other areas of impact are in providing income to employees, outgrowers, seasonal workers, opening up of the rural roads and urbanization of Bacita.

Additionally, the company serves as a source of raw material in its backward linkage through the molasses it supplies to NIYAMCO. The company also diversified into Soya beans farming and the fabrication of spares and furnaces for local consumption.

Despite the average performance of NISUCO, certain factors were mentioned as militating against efficient and effective goods and service delivery of the company. Some of these listed below.

i) Government influence in recruitment of staff often occasioned by partisan considerations;

ii) Lack of autonomy;

iii) Lack of funds;

iv) Non-availability of replacement parts; and

v) Old and dilapidated factory equipments.

Public enterprises in Nigeria were established by government with the expectation that they will perform effectively and efficiently in achieving their objectives. These enterprises have however become crippled because of certain factors or forces. The reason for instance why NISUCO experienced low productivity were hinged on faulty recruitment policy. For instance, 35% of the respondents are of the opinion that government influence on staff

recruitment resulted in the retention of surplus labour. This resulted in lower labour productivity, higher unit costs and poor economic performance between 1980 to 1984. It culminated in discipline and morale problem as most of the cases of over-staffing were hinged on political decisions. Lack of autonomy also scored 50% out of the total of 100 respondents. Other areas of consideration which the staff amply recognised were the non-availability of spare parts and the aged and dilapidated state of the company's factory equipments.

Added to these problems is the lack of government support in protecting its local sugar producing company as it is the practice in all sugar producing countries. The United States of America, (USA) protects its sugar cane growers and sugar producers through quota system which limits imports into the USA. All European Economic Community (EEC) sugar producers are also protected by the common market through several pricing schemes including prohibitive tariffs and export subsidies.s All this does not exist in Nigeria.

Additionally and worthy of mention is that between 1980 to 1984, NISUCO encountered difficulties resulting from delay in the issuance of its import license. This made it difficult for the company to import inputs such as replacement parts, field and factory chemicals, etc.

There are problems related to plant, vehicle and equipment maintenance. The inadequacy or non-availability of spare parts, in some instances have prolonged the time for effecting repairs and consequently resulted in work stoppage during production. Tractors and cane trawlers have also suffered under this circumstances.

The problems mentioned above are not unsurmountable. This was why the respondents who identified some of these problems offered possible list of solution in their response to the questionnaire. Among the solutions offered were the following:

i) Need for autonomy (less interference)

ii) Change of management

iii) Disburse more funds to the company

iv) Reduction of staff strength.

Recommendations

Having appraised the Nigerian Sugar Company on the socio-economic development of Nigeria, particularly Kwara State, and identified some problems, the following recommendations are proposed for better performance, in addition to those offered by the staff of the organisation.

1. A complete refurbishment of the 35 year old dilapidated factory with long overdue and necessary replacement parts in tune with recent technology in sugar production.

2. Replace the old and over-used 35 year old field and irrigation equipments.
3. The company uses high amount of labour for its operation and this is not cost-effective. It is recommended here that major emphasis should be shifted towards evolving a more capital intensive operation.
4. NISUCO should expand its hectrage from the present 5,600 to 9,000 to boost sugar production in order to reap the economies of large scale production.
5. The company should further diversify into animal feeds production. Animal feeds can be made from its molasses and fertilizer from the filter cake. The same molasses can be used by Paper Manufacturing Industries, for example, Jebba Paper Mill which is a stone throw from Bacita. This will open up avenues for further employment of young people and curtail the rate of rural-urban drift, where youths endlessly roam the cities in search of non-existent jobs.
6. Expansion of the company's sugar production can enhance the country's export potentials to earn it some foreign exchange. This could possibly redeem the country from its present economic problem.

7. Introduction of the whole stalk harvester system. This machine cut unburned cane with minimal damage to the stalks. This improves the sucrose contents and reduces sugar deterioration. Another advantage to be derived is that trash level will be reduced because the whole stalk harvester blows away leafy materials.

In conclusion, it is believed that if these recommendations are noted and put into effect by the company, its impact on the socio-economic growth and development of the country will be further enhanced.

Finally, further research should be conducted as follow-up studies with a view of comparing the result of this study and those of later investigations, in the quest for growth and development and the contribution of public enterprises to plug this gap through their activities.

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APPENDIX 'A'

Dear respondent,

This questionnaire is part of a study on the Appraisal of Public Enterprises in the Socio-economic Development of Nigeria.

The researcher is a Masters candidate in the Faculty of Administration, Department of Administration, Ahmadu Bello University, Zaria.,

The nature of the study include investigations into the various activities of the Nigeria Sugar Company Limited, Bacita in Kwara State and its impact on the socio-economic development its immediate environment i.e. Edu Local Government. The questionnaire is designed to seek your opinion on the overall activities of the organisation rather than on a particular programme of the company.

The responses of all individuals will remain strictly confidential. I would appreciate your full cooperation.

Thank you for your cooperation.

Researcher

APPENDIX B

QUESTIONNAIRE ON THE APPRAISAL OF PUBLIC ENTERPRISES
IN THE SOCIO-ECONOMIC DEVELOPMENT OF NIGERIA
A CASE STUDY OF NISUCO 1980-1989

For Officials

Section 'A'

1. Your qualification

2. Length of service

3. Department

Section 'B'

4. The Nigerian Sugar Company (NISUCO) has contributed a lot of the socio-economic development of Bacita and environs:

   Do you agree? Please tick ( )

   Strongly Agree ( )

   Agreed ( )

   Disagreed ( )

   Strongly Disagreed ( )

5. In which of the following areas did NISUCO contribute to socio-economic development (You can give more than 1 response).

   a) Availability of sugar

   b) Employment

   c) Housing

   d) Roads

   e) Others - list

6. NISUCO has contributed to the availability of Sugar in Nigeria: Do you agree?

Strongly Agreed ( )

Agreed ( )

Disagreed ( )

Strongly Disagreed ( )

CAUSES OF POOR PERFORMANCE

Section 'C'

7. How do you rate the performance of NISUCO between 1980-1984? Please tick ( )

Very High ( )

High ( )

Average ( )

Low ( )

Very low ( )

8. Do you agree that the management of NISUCO during this period performed efficiently?

Strongly Agreed ( )

Agreed ( )

Disagreed ( )

Strongly Disagreed ( )

9. In your opinion, what are the factors responsible for the managerial problems during the period 1980-1984:

_____

_____

_____

10. How do you rate the performance of NISUCO between 1985-1989, please tick ( )

Very high	( )
High	( )
Average	( )
Low	( )
Very low	( )

11. Do you agree that the management of NISUCO during this period performed efficiently? Please tick ( )

Strongly Agreed	( )
Agreed	( )
Disagreed	( )
Strongly Disagreed	( )

12. In your opinion, what are the factors responsible for favourable performance during the period 1985-1989?

.....

.....

.....

Section 'D'

13. In what ways do you think the performance of NISUCO can be improved? (Rank your answers)

- Increased government funding	( )
- Having more autonomy	( )
- Change in management	( )

14. Which other areas of NISUCO's management in your opinion require improvement?

.....

.....

.....

.....

15. How would you rate the performance of NISUCO generally?

Very good ( )

Good ( )

Fairly good ( )

Bad ( )

Thank you.

APPENDIX II

QUESTIONNAIRE ON THE APPRAISAL OF PUBLIC ENTERPRISES IN THE SOCIO-ECONOMIC DEVELOPMENT OF NIGERIA A CASE STUDY OF NISUCO 1980-1989

FOR FARMERS

1. Village Area

2. Sex

3. Marital Status

4. Are you a member of NISUCO's Farmers Cooperative Society, known as the 'Outgrowers - Scheme'? (Please tick ( )

Yes ( )

No ( )

5. If you are a member, what benefits do you derive from being a member?

- Steady income
- Improved methods of cultivation
- Increased farm yields
- Fertilizer procurement
- Faster marketing outlets

6. Did your village benefit from the road development programme of NISUCO?

Yes ( )

No ( )

7. If Yes, what has been the impact of the roads on your economy?

a) Ease transportation problem

b) Expansion of markets

c) Increased productivity

d) Others (specify)----------

8. Do you notice any increase in sugar cane production in recent years?

   Yes ( )

   No ( )

9. If Yes, how did your output fare during the period 1980-1989?

   a) Excellent

   b) Very good

   c) Good

   d) Poor

10. What accounted for increase in productivity?

   a) Regular rainfall

   b) Extension advice from outgrowers department

   c) Supply of input from NISUCO

   d) Others (specify)----------

11. What was the average tonne of sugar cane you produced before being a member of the scheme? (Please tick ( )

   a) 0-5 tonnes

   b) 6-10 tonnes

   c) 11-15 tonnes

   d) 16-20 tonnes

   e) 21-25 tonnes

   f) 26-30 tonnes

12. What was the average tonne of sugar cane your produced now that you are a member?

   a) 0-5 tonnes

   b) 6-10 tonnes

   c) 11-15 tonnes

d) 16-20 tonnes

e) 21-25 tonnes

f) 26-30 tonnes

13. How many ox-plough do you have

a) 0 b) 1 c) 2

d) 3 e) 4 f) 5

g) above 5

14. Which of the following item(s) were you able to acquire as a result of your membership of the outgrowers scheme. (You can tick more than one answer).

a) Tractor(s)

b) Motor vehicle

c) Motorcycle

d) Bicycle

e) Radio set

f) Wrist watches/clock

g) Donkey

h) Others (specify)----------

15. In your opinion, in what areas do you think NISUCO has done well?

a) Providing sugar

b) Providing job opportunity

c) Construction of roads

d) Providing farm inputs

e) Providing schools

f) Urbanisation.

Thank you.

APPENDIX IV

OUT-GROWERS' TONNES CANE SUPPLIED TO NISUCO FROM 1980/81-1989/90

Year	Private Farmers
1980/81	12,189.810
1981/82	5,858.180
1982/83	4,863.120
1983/84	2,286.560
1984/85	789.2
1985/86	3,122.310
1986/87	2,083.750
1987/88	4,134.860
1988/89	5,120.240

Source: Nigerian Sugar Company Technical Brochure Yunidel Communications, Ilorin, 1990, p. 9

APPENDIX V

THE NIGERIAN SUGAR COMPANY LIMITED, BACITA
1989/90

DEPARTMENT/ UNITS	MANAGERIAL		SUPERVISORY			INTER-MEDIATE		SKILLED			SEMI-SKILLED		UN-SKILLED				CANE CUTTER	TOTAL
	NIG	EXP	SSS	SS	SF	G2	G1	T3	T2	T1	P3	P2	P1	T1	P2	P1		
AGPIC.	29	3	10	17	53	18	28	25	65	193	25	66	1083	-	32	254	110	2011
FACTORY	18	2	6	8	29	2	5	51	73	73	29	39	5	-	-	94	-	434
CORPORATE SERVICES	20	2	7	18	7	18	25	-	-	-	30	15	3	-	-	16	-	156
ACCOUNTS	4	-	3	7	-	18	18	-	-	1	13	10	-	-	-	-	-	74
PERSONNEL & ADMIN.	15	-	9	35	16	18	37	2	13	38	65	25	154	-	-	1	-	428
MARKETING	2	-	2	3	-	4	10	-	-	-	9	2	2	-	-	53	-	87
PRODUCTS & FOUNDRY	6	-	1	1	3	-	-	3	10	8	1	1		-	-	11	-	47
OUTGROWERS	5	-	1	1	4	2	1	-	-	3	1	1	29	-	-	46	-	94
SUB-TOTAL	99	7	39	85	112	80	124	81	161	316	173	159	1278	-	32	475	-	3331
	106		236			204		558			332		1278	507			110	3331

Key: SSS. Senior Supervisory Staff
SS. Supervisory Staff
SF. Supervisory Foreman

Technical
3, 2. 1
Clerical

P. Semi Skilled
P2 Office Messenger
P3 Elevated Messenger
P1 Unskilled Labourer

SOURCE: NISUCO: Personnel Department, 1990.

APPENDIX VI

BY PRODUCTS OF THE SUGARCANE INDUSTRY

